

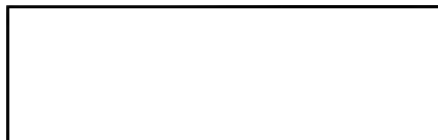
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INTERNAL USSR

1. We have the first evidence that the Central Committee of the USSR Communist Party is undergoing a reorganization somewhat similar to that of the government.
 - a. Consolidating functions and reducing personnel should improve Party efficiency and control over the government.

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State Department review completed

SECRET

KOREA

1. Communist attitude at Panmunjom shows no compromise on key issue of final disposition of reluctant POW's.
2. The new UN proposal calls for such POW's automatically to revert to civilian status after two months of "explanations. "
 - a. A possible Communist counterproposal would be for the five-nation commission to decide the disposition of these prisoners.
3. Peiping has kept India informed on the progress of the negotiations, the Indian Foreign Secretary told US officials in New Delhi.
 - a. The Indian diplomat believes that a settlement is possible, and that it would lead to decreased tensions in Southeast Asia.

SECRET

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KOREA⁽²⁾

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- b. Prime Minister Nehru has expressed to State the "earnest hope" that the Communist proposal of 7 May would be the basis for agreement on an armistice.
 - c. Nehru is being informed of the current UN counterproposal.
4. The USSR itself has made a direct approach to Indonesia on the question of serving as a neutral trustee.
- a. This is one of few times Soviet officials have become directly involved in Korean negotiations

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YUGOSLAVIA

1. For the first time since 1948, the Yugoslav ambassador in Moscow was recently received by the Soviet foreign ministry in a state visit.
 - a. The Yugoslav diplomat, however, said the conversation with Molotov was entirely formal and general.
2. Yugoslav leaders have consistently indicated they will not accept gestures of reconciliation unless there is a concrete reversal of Soviet policy toward their country.

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FRANCE

1. Foreign Minister Bidault has urged that the West offer four-power talks on disarmament in order to convince French public opinion that ratification of EDC is necessary.
 - a. Socialist Leader Mollet also has called for four-power talks on Germany prior to French action on EDC .
2. The recent split between General De Gaulle and his followers is unlikely to affect the ratification prospects for EDC.
 - a. However, the split may prolong somewhat the life of the Mayer government while the other political parties compete for the allegiance of former Gaullist deputies.

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AUSTRIA

1. France still remains in some disagreement with the United States on the tactics the West should pursue on the Austrian treaty, which is scheduled to be the subject of four-power discussion next week.
 - a. Paris fears Soviet propaganda would exploit American insistence on revising Article 35 of the old draft treaty, which calls for a \$150,000,000 reparations for the USSR.
 - b. The French would agree to reopen discussion on this article only if the Russians attempt to reopen some other item previously agreed upon.

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GERMANY

1. A recent Moscow press statement sets forth a "socialized East Germany" as the model for a united Germany.
 - a. This may be an attempt by East German leaders, who wrote the article, to show that rumors of a Soviet policy change on Germany are without foundation.
2. An encouraging development on the West German ratification of EDC is that the leader of the Baden-Witttemberg delegation, Reimbold Maier, will cast his bloc of votes in favor of ratification in the Bundesrat next Friday.
 - a. This action could be decisive, but it might be blocked by a last-minute political maneuver in his state government .

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- b. It was Maier's defection which recently
produced the Bundesrat majority in favor
of obtaining a High Court ruling on the treaty.

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IRAN

1. Premier Mossadeq has proposed that President Eisenhower arbitrate the Anglo-Iranian oil dispute.
 - a. He claims, but in no way can guarantee, that he and the Iranian parliament would be bound by the President's decision on the compensation to be paid to the British.
2. Mossadeq's troubles with political opposition in the parliament are continuing, as evidenced by the riotous Majlis session on Sunday.
 - a. However, the premier's position relative to the shah is better.
 - b. This week the shah turned over his royal lands to the Mossadeq government for distribution to the people.

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MIDDLE EAST

1. The Communists have ordered demonstrations in Syria, Lebanon, Jordan and Egypt during Secretary Dulles' tour.
 - a. Other demonstrations by Arab refugees may be expected.
 - b. However, such demonstrations should be controllable by local security forces, which are aware of the danger.

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INDOCHINA

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1. Major communist military attacks in Laos apparently are over for the rest of the summer.
 - a. Minor forces have been left behind to pin down French troops.
 - b. The Viet Minh may renew the attack next autumn when rains cease and supplies have been stock-piled.
2. Thailand has urgently requested additional shipments of American arms.
 - a. The Thais' immediate concern is over the recent Communist advance toward their border.
 - b. Their long-range concern is to get a more definite American commitment in Southeast Asia.

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TND0-CHINA²

3. On the political scene, French have offered some increased autonomy to Cambodia.
 - a. However, the concessions do not go far enough to stem Cambodian complaints against French domination.

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BOLIVIA

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1. Bolivia has shifted its policy on a major issue and may now be prepared to pay compensation to the owners of the three nationalized mining companies.
 - a. However, the money for such payment, as well as the revenues necessary for survival of the government, must come from US purchases of Bolivian tin.
 - b. Accordingly, Bolivia has enlisted the active cooperation of Brazil, Chile and Ecuador in making representations to the United States on the question of renewing RFC purchases of tin.

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